

M e m o r a n d u m

To: Department of Finance
Attn: Kathryn Amann
915 L Street
Sacramento, CA 95814

Date: September 5, 2008

From: Department of Technology Services

Subject: FY 2008/09 Billing Rates Adjustment

The Department of Technology Services (DTS) is pleased to announce additional proposed billing rate changes for FY 2008/09. This continues the DTS' rate adjustments resulting from consolidating DTS service offerings. The first was announced on July 1, 2006, and DTS rates were reduced by approximately \$16.3 million. The second adjustment addressed additional service areas and provided further decreases to rates, in the amount of annual cost savings to DTS customers of \$26.7 million. The third rate adjustment was for FY 2007/08 as well as FY 2008/09 and carried a neutral overall revenue change. The overall goals of the current rate adjustments are to:

- Consolidate rates where there are common or similar services at both DTS data center facilities;
- Eliminate rates, where possible, in an effort to simplify the cost-recovery model for DTS customers; and
- Bring each service to, or as close to, breakeven as possible.

DTS has achieved most of these goals. DTS will provide a separate memorandum outlining areas for future rate adjustments in FY 2009/10 which includes an analysis of the FY 2007/08 and Projected FY 2008/09 revenues and expenses. Recommendations for rate changes will be included in this memorandum to address the DTS under-recovery.

The following is a summary of key changes, with effective dates noted:

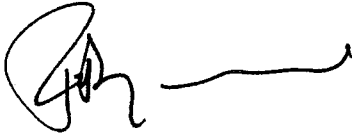
- **COEMS Services:** DTS is proposing to adjust the rates for Customer Owned Equipment Managed Services (COEMS). The proposed change is designed to recover the actual raised floor costs and associated facilities costs. COEMS offers low cost alternatives and quality efficiencies for customers who do not need fully managed services; instead customers receive a secure place to physically house their hardware. Raised floor space has become very expensive to design, build and maintain, and the full costs for DTS provision of this service are not reflected in the current rate. The projected net impact of these changes will be an increase to DTS' COEMS revenue of 211% or an additional revenue collection of \$59,914 per month. The proposed effective date for this change is January 1, 2009.

- **Sharing DTS On-line Open Exams Lists:** These new rates are being proposed so that DTS can recover partial costs and charge other state departments who wish to use DTS' on-line exam lists for recruitment. This will enable participating departments to recruit, interview and hire from within a broader pool of job candidates for information technology positions. DTS is attempting to recover 25% of the costs associated with the Internet exam availability with 24/7 accessibility, an endeavor in which DTS has partnered with the State Personnel Board. Based upon the usage for the months of July 2007 through December 2007, DTS is proposing a rate of \$1,468 per department for each exam list use for recruitment. This translates to an estimated revenue of \$58,720 annually for DTS. The proposed effective date for this rate is January 1, 2009.
- **Print Services:** The DTS is proposing to adjust the rates for print output services. Outsourced vendor contract costs are continuing to increase, while DTS has not adjusted the rates for Print services since 1997. By compacting some of the current rates and adjusting other rates, the overall increase in print revenues is 30%. DTS will continue to under-recover by 66%. DTS will make future rate changes; a 30% increase in FY 08/09 and incremental % increases of 30% in FY 09/10 and FY 10/11 if necessary. DTS proposes to increase the rates in "steps" to mitigate the impact to customers. Also the current outsourced contract is a one year term. DTS is also looking at other alternatives of electronic methods of data retention and recovery for customers. The proposed effective date for this change is January 1, 2009.
- **Enhancements to the Statewide E-mail Service Offering:** DTS is proposing three areas of enhancements to the Statewide E-mail service offering, effective January 1, 2009:
 - **E-hub:** The DTS will contract out with a private vendor for this service, which involves "scrubbing" all communications passing through the DTS Hub for viruses, worms, and substantial reductions in Spam mail receipt. The cost for this service is projected to be set at \$0.99 per user per month, and will involve current DTS customers as well as others passing through the DTS Hub. Please refer to attached business plan for additional information.
 - **E-fax:** Allows customers to receive faxed messages in their E-mail in-box. This will be billed as a direct pass-through cost to customers who choose to use this service. The business plan is in draft but will be submitted shortly.
 - **Encryption:** Encrypts the content of sent and received emails. This also will be billed as a direct pass-through cost to customers who choose to use this service. Please refer to attached business plan for additional information.

When all of the above rate changes are implemented, the result of these rate changes will be a revenue increase to DTS of \$1,070,676 for FY 2008/09 and \$2,141,352 annually for FY 2009/10.

Please refer to the attached service area rate methodology descriptions and cost analysis spreadsheets for more detail regarding each of these rate changes.

If you should have any questions, please contact Colleen Field, Manager, Rates and Cost Recovery at (916) 739-7904 or by email at colleen.field@dts.ca.gov.



P.K. Agarwal, Director
Department of Technology Services

Attachments

- ☐ Approved _____
Mr. Andrew Armani, Deputy Secretary, Information Technology
State and Consumer Services Agency
- ☐ Approved _____
Mr. Rene Gutierrez, Deputy Secretary, Finance
State and Consumer Services Agency

RATE PACKAGE #4

Customer Impact for FY 08/09

*Effective January 2009 (6 months)

Agency Code	Customer	Monthly COEMS	Monthly Print	Monthly Open Exams	Monthly Statewide E-Mail	6 Month Difference
AB	Alcoholic Beverage Control	\$203.00	\$3,344.31		\$500.94	\$24,289.50
AC	Arts Council		\$2.00			\$12.00
AE	State and Consumer Services Agency				\$17.82	\$106.92
AK	Board of Accountancy		\$5.90			\$35.40
AM	Office of Administrative Law				\$28.71	\$172.26
AR	Air Resources Board	\$203.00				\$1,218.00
A3	State Council on Develop Disabilities				\$146.52	\$879.12
A7	Alcoholic Beverage Control Appeals Board				\$6.93	\$41.58
BC	Victims Compensation and Gvt Claims		\$1.33			\$7.98
BK	Board of Barbering and Cosmetology		\$20.18			\$121.08
BP	Dept of Social Services		\$28,705.00		\$3,337.29	\$192,253.74
B3	Dept of Social Services - SAWS				\$53.46	\$320.76
B5	Dept of Social Services - CWS				\$3,614.49	\$21,686.94
B6	Dept of Social Services - SFIS	\$6,730.00			\$10.89	\$40,445.34
B8	Dept of Social Services - EBT	\$419.00			\$48.51	\$2,805.06
B9	Dept of Social Services - CMIPS/IHSS				\$39.60	\$237.60
BT	Business, Transportation & Housing Agency				\$56.43	\$338.58
CA	Dept of Consumer Affairs		\$852.11			\$5,112.66
CB	Judicial Council	\$515.00				\$3,090.00
CD	Housing & Community Development		\$52.32			\$313.92
CN	Child Support Services	\$560.00	\$7.19			\$3,403.14
CP	Dept of Corporations			\$244.67		\$1,468.02
CR	Dept of Corrections & Rehabilitation		\$1,176.91			\$7,061.46
CS	DOF, CalSTARS		\$27,387.58			\$164,325.48
C6	County of Sacramento		\$3.58			\$21.48
C9	California Community Colleges		\$57.06			\$342.36
DJ	CA Gambling Control Commission			\$244.67		\$1,468.02
DS	Dept of Developmental Services		\$10,349.76		\$547.47	\$65,383.38
D2	Cal Bay Delta Program				\$87.12	\$522.72
EA	Emergency Medical Services Auth		\$15.29			\$91.74
EB	CA Film Commission				\$18.81	\$112.86
ED	Dept of Education	\$515.00	\$105.58			\$3,723.48

RATE PACKAGE #4

Customer Impact for FY 08/09

*Effective January 2009 (6 months)

Agency Code	Customer	Monthly COEMS	Monthly Print	Monthly Open Exams	Monthly Statewide E-Mail	6 Month Difference
EM	Dept of Employment Development		\$36.31	\$489.33	\$9,037.71	\$57,380.10
EN	Board for Registered Professional Engineers		\$1.02			\$6.12
EQ	Board of Equalization		\$75.75			\$454.50
ER	Energy Resources Conservation & Development		\$4.81			\$28.86
E1	EDD - UIMOD				\$1.98	\$11.88
FD	Board of Funeral Directors		\$2.36			\$14.16
FG	Dept of Fish & Game		\$1.93			\$11.58
FI	Dept of Finance	\$556.00	\$2.86			\$3,353.16
FS	Fire & Forestry Protection			\$244.67		\$1,468.02
GH	Ca Medical Assistance		\$134.95			\$809.70
GS	Dept of General Services		\$1,568.62			\$9,411.72
HD	Dept of Health Care Services	\$18,586.00	\$45,339.73	\$244.67		\$385,022.40
HP	Highway Patrol		\$11,787.65			\$70,725.90
H6	Office of Homeland Security				\$160.38	\$962.28
IO	Office of the Chief Information Officer				\$39.60	\$237.60
IR	Industrial Relations	\$718.00	\$4.03			\$4,332.18
LO	CA State Lottery		\$3.54	\$244.67		\$1,489.26
LV	City of Livermore	\$203.00				\$1,218.00
MH	Dept of Mental Health	\$556.00	\$915.00	\$489.33		\$11,761.98
MV	Dept of Motor Vehicles		\$25.59	\$244.67		\$1,621.56
ND	Developmental Services - Sierra Vista		\$0.89			\$5.34
OA	Dept of Alcohol Drug Programs		\$1,342.25			\$8,053.50
OE	Office of Emergency Services			\$244.67		\$1,468.02
OT	State Treasurers Office		\$24.58			\$147.48
PA	CalPERS		\$130.98	\$1,468.00		\$9,593.88
PB			\$8.53			\$51.18
PG	Board of Parole Hearings		\$161.16			\$966.96
PI	Prison Industry Authority		\$741.14			\$4,446.84
PL	Placer County				\$61.38	\$368.28
PR	Parks & Recreation	\$890.00	\$60.94			\$5,705.64
PT	DMH, Patton State Hospital		\$0.91			\$5.46
RB	California Horse Racing Board		\$4,557.57			\$27,345.42
RH	Dept of Rehabilitation		\$707.80			\$4,246.80

RATE PACKAGE #4

Customer Impact for FY 08/09

*Effective January 2009 (6 months)

Agency Code	Customer	Monthly COEMS	Monthly Print	Monthly Open Exams	Monthly Statewide E-Mail	6 Month Difference
RM	Richard McGee Facility		\$3.57			\$21.42
SA	Student Aid	\$2,575.00	\$1.64			\$15,459.84
SB	University of CA - SF Medical Center	\$4,120.00				\$24,720.00
SO	Office of Traffic Safety				\$48.51	\$291.06
SP	Office of Systems Integration				\$91.08	\$546.48
SS	Secretary of State	\$556.00				\$3,336.00
ST	CALSTRS	\$1,030.00	\$82.15	\$489.33		\$9,608.88
S1	Edfund		\$2.33			\$13.98
TR	CalTrans	\$44,222.00	\$16,653.02	\$244.67		\$366,718.14
UC	Public Utilities Commission	\$556.00	\$10.47			\$3,398.82
UH	Humboldt State		\$7.74			\$46.44
UI	San Jose State		\$78.90			\$473.40
UJ	Stanislaus State		\$0.82			\$4.92
UK	Cal Poly University		\$3.73			\$22.38
U8	University of CA - San Francisco	\$515.00				\$3,090.00
VA	Veterans Affairs		\$3.27			\$19.62
V2	ISAWS - Dept of Social Services	\$4,628.00			\$302.94	\$29,585.64
V4	Child Support Services - CASES		\$8.92			\$53.52
V6	WDTIP - Dept of Social Services				\$5.94	\$35.64
WI	Workforce Investment Board				\$23.76	\$142.56
TOTALS		\$88,856.00	\$156,583.56	\$4,893.35	\$18,288.27	\$1,611,727.08

RATE PACKAGE #4

Customer Impact for FY 09/10

*12 Months Total

Agency Code	Customer	Monthly COEMS	Monthly Print	Monthly Open Exams	Monthly Statewide E-Mail	Annual Difference
AB	Alcoholic Beverage Control	\$203.00	\$3,344.31		\$500.94	\$48,579.00
AC	Arts Council		\$2.00			\$24.00
AE	State and Consumer Services Agency				\$17.82	\$213.84
AK	Board of Accountancy		\$5.90			\$70.80
AM	Office of Administrative Law				\$28.71	\$344.52
AR	Air Resources Board	\$203.00				\$2,436.00
A3	State Council on Develop Disabilities				\$146.52	\$1,758.24
A7	Alcoholic Beverage Control Appeals Board				\$6.93	\$83.16
BC	Victims Compensation and Gvt Claims		\$1.33			\$15.96
BK	Board of Barbering and Cosmetology		\$20.18			\$242.16
BP	Dept of Social Services		\$28,705.00		\$3,337.29	\$384,507.48
B3	Dept of Social Services - SAWS				\$53.46	\$641.52
B5	Dept of Social Services - CWS				\$3,614.49	\$43,373.88
B6	Dept of Social Services - SFIS	\$6,730.00			\$10.89	\$80,890.68
B8	Dept of Social Services - EBT	\$419.00			\$48.51	\$5,610.12
B9	Dept of Social Services - CMIPS/IHSS				\$39.60	\$475.20
BT	Business, Transportation & Housing Agency				\$56.43	\$677.16
CA	Dept of Consumer Affairs		\$852.11			\$10,225.32
CB	Judicial Council	\$515.00				\$6,180.00
CD	Housing & Community Development		\$52.32			\$627.84
CN	Child Support Services	\$560.00	\$7.19			\$6,806.28
CP	Dept of Corporations			\$244.67		\$2,936.04
CR	Dept of Corrections & Rehabilitation		\$1,176.91			\$14,122.92
CS	DOF, CalSTARS		\$27,387.58			\$328,650.96
C6	County of Sacramento		\$3.58			\$42.96
C9	California Community Colleges		\$57.06			\$684.72
DJ	CA Gambling Control Commission			\$244.67		\$2,936.04
DS	Dept of Developmental Services		\$10,349.76		\$547.47	\$130,766.76
D2	Cal Bay Delta Program				\$87.12	\$1,045.44
EA	Emergency Medical Services Auth		\$15.29			\$183.48
EB	CA Film Commission				\$18.81	\$225.72

RATE PACKAGE #4
Customer Impact for FY 09/10
***12 Months Total**

Agency Code	Customer	Monthly COEMS	Monthly Print	Monthly Open Exams	Monthly Statewide E-Mail	Annual Difference
ED	Dept of Education	515	\$105.58			\$7,446.96
EM	Dept of Employment Development		\$36.31	\$489.33	\$9,037.71	\$114,760.20
EN	Board for Registered Professional Engineers		\$1.02			\$12.24
EQ	Board of Equalization		\$75.75			\$909.00
ER	Energy Resources Conservation & Development		\$4.81			\$57.72
E1	EDD - UIMOD				\$1.98	\$23.76
FD	Board of Funeral Directors		\$2.36			\$28.32
FG	Dept of Fish & Game		\$1.93			\$23.16
FI	Dept of Finance	\$556.00	\$2.86			\$6,706.32
FS	Fire & Forestry Protection			\$244.67		\$2,936.04
GH	Ca Medical Assistance		\$134.95			\$1,619.40
GS	Dept of General Services		\$1,568.62			\$18,823.44
HD	Dept of Health Care Services	\$18,586.00	\$45,339.73	\$244.67		\$770,044.80
HP	Highway Patrol		\$11,787.65			\$141,451.80
H6	Office of Homeland Security				\$160.38	\$1,924.56
IO	Office of the Chief Information Officer				\$39.60	\$475.20
IR	Industrial Relations	\$718.00	\$4.03			\$8,664.36
LO	CA State Lottery		\$3.54	\$244.67		\$2,978.52
LV	City of Livermore	\$203.00				\$2,436.00
MH	Dept of Mental Health	\$556.00	\$915.00	\$489.33		\$23,523.96
MV	Dept of Motor Vehicles		\$25.59	\$244.67		\$3,243.12
ND	Developmental Services - Sierra Vista		\$0.89			\$10.68
OA	Dept of Alcohol Drug Programs		\$1,342.25			\$16,107.00
OE	Office of Emergency Services			\$244.67		\$2,936.04
OT	State Treasurers Office		\$24.58			\$294.96
PA	CalPERS		\$130.98	\$1,468.00		\$19,187.76
PB	State Personnel Board		\$8.53			\$102.36
PG	Board of Parole Hearings		\$161.16			\$1,933.92
PI	Prison Industry Authority		\$741.14			\$8,893.68
PL	Placer County				\$61.38	\$736.56
PR	Parks & Recreation	\$890.00	\$60.94			\$11,411.28

RATE PACKAGE #4
Customer Impact for FY 09/10
*12 Months Total

Agency Code	Customer	Monthly COEMS	Monthly Print	Monthly Open Exams	Monthly Statewide E-Mail	Annual Difference
PT	DMH, Patton State Hospital		\$0.91			\$10.92
RB	California Horse Racing Board		\$4,557.57			\$54,690.84
RH	Dept of Rehabilitation		\$707.80			\$8,493.60
RM	Richard McGee Facility		\$3.57			\$42.84
SA	Student Aid	\$2,575.00	\$1.64			\$30,919.68
SB	University of CA - SF Medical Center	\$4,120.00				\$49,440.00
SO	Office of Traffic Safety				\$48.51	\$582.12
SP	Office of Systems Integration				\$91.08	\$1,092.96
SS	Secretary of State	\$556.00				\$6,672.00
ST	CALSTRS	\$1,030.00	\$82.15	\$489.33		\$19,217.76
S1	Edfund		\$2.33			\$27.96
TR	CalTrans	\$44,222.00	\$16,653.02	\$244.67		\$733,436.28
UC	Public Utilities Commission	\$556.00	\$10.47			\$6,797.64
UH	Humboldt State		\$7.74			\$92.88
UI	San Jose State		\$78.90			\$946.80
UJ	Stanislaus State		\$0.82			\$9.84
UK	Cal Poly University		\$3.73			\$44.76
U8	University of CA - San Francisco	\$515.00				\$6,180.00
VA	Veterans Affairs		\$3.27			\$39.24
V2	ISAWS - Dept of Social Services	\$4,628.00			\$302.94	\$59,171.28
V4	Child Support Services - CASES		\$8.92			\$107.04
V6	WDTIP - Dept of Social Services				\$5.94	\$71.28
WI	Workforce Investment Board				\$23.76	\$285.12
TOTALS		\$88,856.00	\$156,583.56	\$4,893.35	\$18,288.27	\$3,223,454.16

Department of Technology Services
Rate Package #4
Fiscal Year 2008/09
Proposed Effective Date: January 2009
Rate Change Detail

Service Name: Customer Owned Equipment Managed Services (COEMS)
Comp Code: F103
Cost Center: 899

Issue/Reason for Rate Change:

DTS is proposing to increase the rates for Customer Owned Equipment Managed Services (COEMS). The purpose for this rate change is to recover the actual raised floor space costs and all associated facilities costs. COEMS offers lower cost alternatives and quality efficiencies for customers who do not need fully managed services. Customers are interested in this alternative because it offers customers a secure place to physically house their hardware, as opposed to locating it in their office, warehouse or hallway closet where the potential for fire, theft or vandalism is much greater. COEMS offers high security, including fire detection and suppression, redundant power feeds, filtered power, backup power generators and other items to assure the high availability that is mandatory for web-based, virtual businesses. DTS has received numerous requests for cost estimates to house customer equipment. DTS is experiencing a large volume of COEMS customer requests due to our current low-priced COEMS rates. Raised Floor space has become very expensive to design and build and the full costs are not reflected in the current DTS published rates; this has created more customer interest in DTS COEMS services to house their equipment. Outside industry COEMS (Colocation) rates vary at start up rates of \$99 per month for a 1U server to \$900 per month for a private full cage. DTS is currently working with DGS on leasing raised floor and office space to consolidate the South Annex and Cannery sites. These costs need to be recognized and recovered as DTS plans to acquire additional space to meet customer needs. The proposed COEMS rates take into account the estimated new lease costs for the new data center space and new admin space. DTS is also proposing a rate for reserving raised floor space for COEMS customers. This will require customers who wish to accept a COEMS cost estimate to then pay to reserve the raised floor space until the equipment is moved onto the DTS raised floor. This gives DTS the ability to manage floor space for customer requests. The COEMS service offering has impacted DTS' ability to manage resources and growth when the floor space is committed long term to dedicated customer usage (i.e., saving of raised floor space for potential COEMS customers who may not materialize).

Rate Methodology Used to Develop Rates:

The rate for this service is based on the Service Rate Methodology. The Service Rate Methodology involves building a service rate based on the estimated costs for the entire service at a given volume level. The following process was used to determine rates using this methodology:

1. Billable Unit: Per COEMS Customer cabinet
2. Direct cost components: cabinet, raised floor space costs, utility costs, electrical circuits, DTS staff support, and remote hands (staff time to reset equipment and/or push a button)

3. Attributes: annual facility and staff costs were used to calculate the COEMS rates divided by 12 to achieve monthly costs. A three year amortization for the cabinet was used.
4. Indirect cost components include: Change Management, Facilities, Help Desk Technical Support, System Security, Network Infrastructure, and Administrative Overhead. These costs were allocated based on established methodologies.
5. The sum of the direct and indirect costs represents the cost to provide the service.
6. The billable rates are the monthly costs used as the denominator in the formula below to be able to recover the cost of the service.

$$\text{RATE per Billable Unit} = \frac{\text{Cost of Service}}{\text{Volume of Billable Units}}$$

Summary/Description of Service Offering:

The primary benefit of the COEMS service is to provide customers a fully redundant, highly secure facility to physically house their IT equipment. Customer equipment is housed in a 2' x 3' secure cabinet. Customers pay a monthly rate for the cabinet - either DTS owned or Customer owned and provided, which occupies approximately 25 square feet of floor space. Customers whose equipment exceeds the 2' x 3' cabinet space will be charged an additional \$18 per square foot for extra floor space that exceeds the allotted 2' x 3' space. While relatively simple, the COEMS service can represent a significant improvement in the quality and security of an IT system in comparison to having that same system housed at the customer's facility. Currently many departments deploy equipment in their offices, closets, or warehouses where they are not able to provide adequate data/system support and security. The following is a list of some specific customer benefits to having their system housed at the data center:

- Located in a Seismically-Neutral Area Outside the 500-Year Flood Plain
- Cost Savings and Quality Efficiencies for customers who do not need fully managed services
- Backup Support for Customer Systems, Applications and Data
- Offsite Storage Services
- Physically Secure Location for Equipment and Work Areas for Customers
- Secure State-of-the-Art Facility and Computer Room
- Redundant UPS and Backup System for power
- High Speed Redundant Network Backbone
- Fire Detection and suppression Systems
- Locking cabinets for server and network equipment
- Customer/vendor access to computer room as needed
- 24x7 Remote Hands Support from Help Desk

Department of Finance (DOF) approved the COEMS service offering and rates in October 2004. DTS has not revised the COEMS rates since that time. DTS is requesting to adjust rates to recover actual raised floor space costs, associated facility costs, DTS staff costs and include a rate for reserving raised floor space.

Current Billing Method:

Customers are currently charged a per cabinet rate plus additional add-on services.

Proposed COEMS Rates:

Service	Proposed Rates	Current Rates	Net Change
DTS Owned Cabinet – Full (per cabinet)	\$856	\$300	185%
DTS Owned Cabinet – Half	\$0	\$170	
Customer Owned Cabinet (per cabinet)	\$745	\$230	224%
Floor Space Reservation (per cabinet space requirements)	\$572	\$0	100%
Raised Floor Space (per square foot)	\$18	\$8.20 (Gold Camp) \$12.93 (Cannery)	120% 39%
Office Space (per square footage)	\$6	\$0	100%

Customer Impact:

Please see attached spreadsheet detail by customer.

COEMS DTS Owned Cabinet: An increase of 185%

COEMS Customer Owned Cabinet: An increase of 224%

Revenue Impact:

These rate changes will increase COEMS revenues by \$88,856 per month.

Department of Technology Services
Fiscal Year 2008/2009
Proposed Effective Date: January 1, 2009
Rate Change Detail

Service Name: Sharing DTS On-line Open Exams
Comp Code: TBD
Cost Center: TBD

Issue/Reason for Change:

These rates are being proposed so that DTS can recover costs and charge other state departments who wish to use DTS' on-line open exam lists for recruitment. This will help other state departments recruit, interview and hire from within a broader pool of job candidates for information technology positions.

Description of Service:

The Sharing of On-Line internet examinations service will allow all state departments to share DTS' on-line open exam lists. This will also allow state departments to be on the cutting edge with technological examinations. Internet examinations with 24/7 accessibility allow prospective candidates to take a state exam without leaving their home.

Proposed Rates:

Proposed rates would be:

- \$1,468 for each usage per Department

Rate Methodology:

Based upon our costs to administer the test and maintain the database at the State Personnel Board we have calculated all costs associated with providing and maintaining the On-Line Open Exam Lists. DTS benefits from the exam lists; therefore we feel it is appropriate to recover 25% of the costs from non-DTS exam list utilization for start up and on-going list maintenance. Based upon the usage for the last six months divided by the cost to provide the list the usage fee was determined.

Customer Impact:

The impact to the customers is the ability to access a broader pool of candidates to hire for vacant positions. This can potentially save departments money by not having to administer their own exams.

Department of Technology Services
Rate Package #4
Fiscal Year 2008/09
Proposed Effective Date: January 2009
Rate Change Detail

Service Name: Print Services
Comp Codes: P101 through P310
Cost Center: 038

Issue/Reason for Rate Change:

DTS is proposing to increase the rates for Print services. This will move Print/Forms service area to a 66% under-collection status for FY 2008/09. The reason for the current under-recovery is that the outsourced vendor contract costs are continuing to increase, while DTS has not adjusted the rates for Print services since 1997. The current vendor contract is for a one year term with an option to renew for one additional year. The purpose for this rate change is to move closer to fully recovering the actual outsourced vendor contract costs (Contract #07E110444) plus the DTS staff support costs, including hardware, hardware maintenance, software, and indirect expenses. DTS proposes adding a 50% DTS support cost to the contracted vendor rates. Attachment 1 shows 2 options for increasing the vendor rates:

- **Option 1** increases the outsourced vendor rates by a 50% DTS fee.
- **Option 2** increases the outsourced vendor rates by a 143% DTS fee which would be the breakeven rate to fully recover the combined vendor and DTS support costs.

DTS is recommending Option 1 at this time. The addition of 50% to the vendor contract costs will help mitigate the customer impact while bringing DTS Print services closer to break-even cost recovery. DTS will propose future increase(s) in FY 2009/10 and 2010/11 to incrementally reach full cost recovery while attempting to control the impact to customers.

Summary/Description of Service Offering:

The DTS provides customers with Print services. The printed materials are either printed on customer provided forms or DTS forms using impact or laser printers and continuous form printers. The Printed materials are picked up from the outsource vendor via DTS courier service and returned to DTS campuses and then processed through the Chain-of-Custody procedures. If a DTS customer also uses the DTS courier service contract, then DTS will send the customers their print output via the DTS courier. Otherwise, customers may retrieve their print output directly from DTS, by sending their own courier. Print services are available 24 hours a day, 7 days a week.

Proposed Rates:

Service	Proposed Rates	Current Rates	Net Change
Black & White Print – Contractor Supplied Forms (Continuous Forms)	\$0.12 per page	\$0.029	517%
Black & White Print – Contractor Supplied Forms (Cut Sheet – Xerox)	\$0.14 per page	\$0.029	414%
Black & White Print – Contractor Supplied Forms (Impact Print)	\$0.15 per page	\$0.029	417%
Customer Supplied Forms	\$0.12 per page	\$0.029	517%
Labels	\$0.17 per page	\$0.0964	176%
Burst & Trim	\$0.07 per foot	\$0	100%

Rate Methodology Used to Develop Rates:

The rate for this service is based on the Service Rate Methodology. The Service Rate Methodology involves building a service rate based on the estimated costs for the entire service at a given volume level. The following process was used to determine rates using this methodology:

1. Billable Unit: Per Page
2. Direct cost components: hardware, hardware maintenance, software, direct vendor costs, indirect costs, and DTS staff support.
3. Attributes: annual expenses were used to calculate the Print rates divided by 12 to achieve monthly costs.
4. Indirect cost components include: Change Management, Help Desk, PC/LAN desktop support, Facility costs and Administrative Overhead. These costs are allocated based on established methodologies.
5. The sum of the direct and indirect costs represents the cost to provide the service.
6. The billable rates are the monthly costs used as the denominator in the formula below to be able to recover the cost of the service.

RATE per Billable Unit = Contracted Cost + 50% add on for DTS support costs

Please also note that the FY 07/08 expenses were adjusted downward to correct incorrect staffing allocations that were previously being allocated to this service area.

Current Billing Method:

Customers are currently charged by measured usage for print and forms usage multiplied times the published rate for print and forms usage.

Customer Impact:

Please see attached spreadsheet detail by customer.

Revenue Impact:

These rate changes will increase Print services revenues by approximately 30%. This results in an overall annual revenue increase of \$1,144,209.

Department of Technology Services
Rate Package #4
Fiscal Year 2008/09
Proposed Effective Date: January 2009
Rate Change Detail

Service Name: Print Services
Comp Codes: P101 through P310
Cost Center: 038

Issue/Reason for Rate Change:

DTS is proposing to increase the rates for Print services. This will move Print/Forms service area to a 66% under-collection status for FY 2008/09. The reason for the current under-recovery is that the outsourced vendor contract costs are continuing to increase, while DTS has not adjusted the rates for Print services since 1997. The current vendor contract is for a one year term with an option to renew for one additional year. The purpose for this rate change is to move closer to fully recovering the actual outsourced vendor contract costs (Contract #07E110444) plus the DTS staff support costs, including hardware, hardware maintenance, software, and indirect expenses. DTS proposes adding a 50% DTS support cost to the contracted vendor rates. Attachment 1 shows 2 options for increasing the vendor rates:

- **Option 1** increases the outsourced vendor rates by a 50% DTS fee.
- **Option 2** increases the outsourced vendor rates by a 143% DTS fee which would be the breakeven rate to fully recover the combined vendor and DTS support costs.

DTS is recommending Option 1 at this time. The addition of 50% to the vendor contract costs will help mitigate the customer impact while bringing DTS Print services closer to break-even cost recovery. DTS will propose future increase(s) in FY 2009/10 and 2010/11 to incrementally reach full cost recovery while attempting to control the impact to customers.

Summary/Description of Service Offering:

The DTS provides customers with Print services. The printed materials are either printed on customer provided forms or DTS forms using impact or laser printers and continuous form printers. The Printed materials are picked up from the outsource vendor via DTS courier service and returned to DTS campuses and then processed through the Chain-of-Custody procedures. If a DTS customer also uses the DTS courier service contract, then DTS will send the customers their print output via the DTS courier. Otherwise, customers may retrieve their print output directly from DTS, by sending their own courier. Print services are available 24 hours a day, 7 days a week.

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Labels	\$0.17 per page	\$0.0964	176%
Burst & Trim	\$0.07 per foot	\$0	100%

Rate Methodology Used to Develop Rates:

The rate for this service is based on the Service Rate Methodology. The Service Rate Methodology involves building a service rate based on the estimated costs for the entire service at a given volume level. The following process was used to determine rates using this methodology:

1. Billable Unit: Per Page
2. Direct cost components: hardware, hardware maintenance, software, direct vendor costs, indirect costs, and DTS staff support.
3. Attributes: annual expenses were used to calculate the Print rates divided by 12 to achieve monthly costs.
4. Indirect cost components include: Change Management, Help Desk, PC/LAN desktop support, Facility costs and Administrative Overhead. These costs are allocated based on established methodologies.
5. The sum of the direct and indirect costs represents the cost to provide the service.
6. The billable rates are the monthly costs used as the denominator in the formula below to be able to recover the cost of the service.

RATE per Billable Unit = Contracted Cost + 50% add on for DTS support costs

Please also note that the FY 07/08 expenses were adjusted downward to correct incorrect staffing allocations that were previously being allocated to this service area.

Current Billing Method:

Customers are currently charged by measured usage for print and forms usage multiplied times the published rate for print and forms usage.

Customer Impact:

Please see attached spreadsheet detail by customer.

Revenue Impact:

These rate changes will increase Print revenues to \$2,575,623 annually.

Department of Technology Services
Rate Package #4
Fiscal Year 2008/2009
Proposed Effective Date: January 2009
New Rate Detail

Service Name: e-hub
Comp Code: E111
Cost Center: 155

Issue/Reason for New Rate:

The DTS objective is to provide a secure and reliable service that meets the basic requirements that government organizations have of their email systems as well as the new requirements that are emerging as a result of statutory requirements, recent litigation, or emerging functionalities. By consolidating the State's Internet email infrastructure, overall security can be improved in several ways:

- Consolidation of all statewide messaging into two primary access points within the state. This results in the ability to effectively monitor and manage State email communications.
- Improvement in the reliability of the system through implementation of high availability features and practices.
- Increased security through implementation of industry standard security best practices such as spam filtering and anti-virus scanning.
- Reduce the number of state Internet email gateways.
- Increase the standardization of email gateway implementations supported by the State.
- Reduce the number of servers used to provide the state's Internet email gateway functionality.
- Reduce the staff resources required to support the state's Internet email gateway functionality.
- Reduce the number of independent efforts to develop new email features.
- Increase email features and service levels available to state employees.
- Reduce the amount of spam received by end users.
- Increase end user productivity by reducing down-time due to security incidents and virus related outages.
- Increase availability of Internet email services to state employees.
- Provide a mechanism to support statewide archiving and e-discovery.

Description of Service Offering:

- E-mail spam filtering - provide e-mail spam filtering to block unsolicited e-mail;
- Anti-virus protection - provide anti-virus protection by performing anti-virus scanning of e-mail attachments to prevent the spread of viruses throughout the State information technology infrastructure;
- Security - consolidation of statewide gateways will increase the overall security posture of the statewide messaging system; and
- High Volume Message Translation – The system will be capable of translating messages from proprietary messaging systems such as Microsoft Exchange or Lotus Notes to Internet Standards based messaging.

Rate Methodology Used to Develop Rates:

The rate for this service is based on the Service Rate Methodology. The Service Rate Methodology involves building a service rate based on the estimated costs for the entire service at a given volume level. The following process was used to determine rates using this methodology.

1. Billable unit: per mailbox
2. Direct cost components: vendor costs, DTS staff support
3. Attributes: vendors costs were determined on a "per mailbox" cost as the vendor will be providing the infrastructure at a fixed per mailbox rate. The DTS support costs are based on the estimated number of PYs for an established number of mailboxes.
4. Indirect costs components include PC/LAN Support, Facilities and Administrative Overhead. These costs are allocated based on established methodologies.
5. The sum of the direct and indirect costs represent the cost to provide the service.
6. The billable rate was determined by converting the DTS costs (DTS staff support and Indirect Costs) to a 'per mailbox' cost and adding the vendor per mailbox cost. The following formula represent the rate computation: **Rate per mailbox = Contracted Costs + DTS Staff Support Costs + Indirect Costs divided by the number of expected billable mailboxes.**

Proposed e-mail Hygiene Rate

Monthly charge of \$0.99 per mailbox

Current Billing Method:

This is a new service rate. Customers are currently not being billed for this service.

Customer Impact:

Existing Statewide E-mail customers will experience a \$0.99 per mailbox or a 17% increase. Please see attached spreadsheet for detail by customer.

Revenue Impact:

This new rate will increase email revenue by a minimum of \$216,000 per year for the current customer base. It is projected that this service will be offered to all state email users for potential revenue of \$1,782,000 annually.

E-Hub Business Plan

Overview

Over the last 20 years, email has become the preferred channel of communication for state agencies and has evolved into a mission critical tool for government. Today, email is the core of communication and collaboration. As a result, the basic business requirements for email systems in terms of availability, security and remote and mobile access have become somewhat standardized. However, emerging requirements on the use of email systems such as disaster recovery, encryption of certain messages, litigation holds and archiving for document retention and new e-discovery laws, are requiring agencies to reexamine and redesign their existing email solutions.

A key aspect of any organization's email system is the need for it's end users to communicate outside the organization. To accommodate this need, the email system must connect to the Internet and communicate with other email systems through a widely accepted standard known as Simple Mail Transport Protocol (SMTP). This communication protocol requires the establishment of gateways to translate between the State's email systems and outside organizations.

Today, there are over 100 disparate email systems within the State of California with over 300 separate SMTP gateways. These SMTP gateways are not only used to communicate with organizations outside the State of California, they are also used to communicate between and within the Executive, Legislative, and Judicial branches of government. These gateways also perform security functions to help protect the state's messaging infrastructure.

The number of disparate email systems has resulted in duplication of multiple vendor's hardware, software, maintenance agreements, and support personnel. There has also been a lack of security standards resulting in a case where some organizations may be at risk of computer security breaches. This has resulted in a condition where there is an opportunity to consolidate Internet email gateways. This will result in costs savings through economies of scale and an improved security and compliance posture for the State of California.

Business Objectives

The key business drivers for a consolidated Internet email infrastructure are derived primarily from the need to protect the State's critical messaging infrastructure and provide a capability to enable future requirements such as encryption, e-discovery, and archiving. In line with the State's efforts for email consolidation, the key business objectives for the consolidated Internet Email infrastructure are as follows:

E-Hub Business Plan

- 1) **Provide a Secure and Reliable Statewide Email Offering¹** - Provide an enterprise email solution that meets the basic and new business requirements of state organizations in a cost effective manner.
- 2) **Reduce Cost and Complexity** - Reduce the cost and complexity of California's email systems by eliminating duplication of infrastructure and effort and reduce the diversity of state systems.
- 3) **Increase Business Value to End User** – Increase the business value of the end user's email service by increasing service levels and realizing benefits that are unique to an enterprise solution such as a global address directory and calendaring.

Provide a Secure and Reliable Statewide Email Offering:

The DTS objective in this area is to provide a secure and reliable service that meets the basic requirements that government organizations have of their email systems as well as the new requirements that are emerging as a result of statutory requirements, recent litigation, or emerging functionalities. By consolidating the State's Internet email infrastructure, overall security can be improved in several ways:

- Consolidation of all statewide messaging into two primary access points within the state. This results in the ability to effectively monitor and manage State email communications.
- Improvement in the reliability of the system through implementation of high availability features and practices.
- Increased security through implementation of industry standard security best practices such as spam filtering and anti-virus scanning.

Reduce Cost and Complexity:

- Reduce the number of state Internet email gateways
- Increase the standardization of email gateway implementations supported by the State.
- Reduce the number of servers used to provide the state's Internet email gateway functionality.
- Reduce the staff resources required to support the state's Internet email gateway functionality.
- Reduce the number of independent efforts to develop new email features.

E-Hub Business Plan

Increase Business Value to End User:

- Increase email features and service levels available to state employees.
- Reduce the amount of spam received by end users
- Increase end user productivity by reducing down-time due to security incidents and virus related outages
- Increase availability of Internet email services to state employees.
- Provide a mechanism to support statewide archiving and e-discovery.

The degree to which the benefits in the second two categories materialize is dependent on the level of customer adoption of the service. The DTS will measure the amount of progress made in each of these areas by performing an initial assessment of each customer that chooses to migrate their users to the Statewide Internet Email service offering.

E-Hub Business Plan

Proposed Solution

The proposed solution functional overview is depicted in Figure #1. Initially, the solution will provide the following key functions:

- E-mail Spam filtering – Unsolicited e-mail (Spam) is a significant problem on the Internet today. Over 95% of the message traffic on the Internet is unsolicited e-mail and can easily overload unprotected email systems. The proposed solution will deploy robust anti-spam functionality
- Anti-virus protection – E-mail is a significant attack vector of computer viruses. The proposed system will perform anti-virus scanning of Email attachments to prevent the spread of viruses throughout the State IT infrastructure.
- Security – Consolidation of statewide gateways will increase the overall security posture of the statewide messaging system. These include distributed denial of service attack prevention, remotely controlled 'Bot spam attacks, and Man in the Middle Attacks.

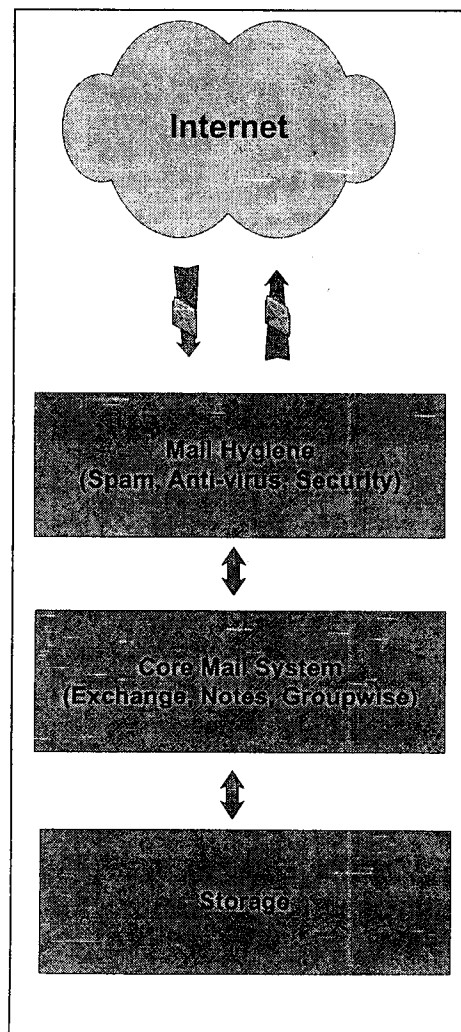


Figure 1 - Functional Overview

E-Hub Business Plan

- High Volume Message Translation – The system will be capable of translating messages from proprietary messaging systems such as Microsoft Exchange or Lotus Notes to Internet Standards based messaging.

Once deployed, the system will allow for the deployment of additional features. These features will include:

- Data Leak Prevention (Auditing) – Consolidation of Email from 100's of entry points into a single complex will allow for sophisticated auditing and prevention of accidental leaks of confidential information.
- Encryption – Protection of confidential constituent information can be enabled through the use of Email encryption. Data flagged as sensitive information would be forwarded to a security appliance for encryption and then forwarded on to it's destination.

A functional illustration of the full-featured system is depicted in Figure #2.

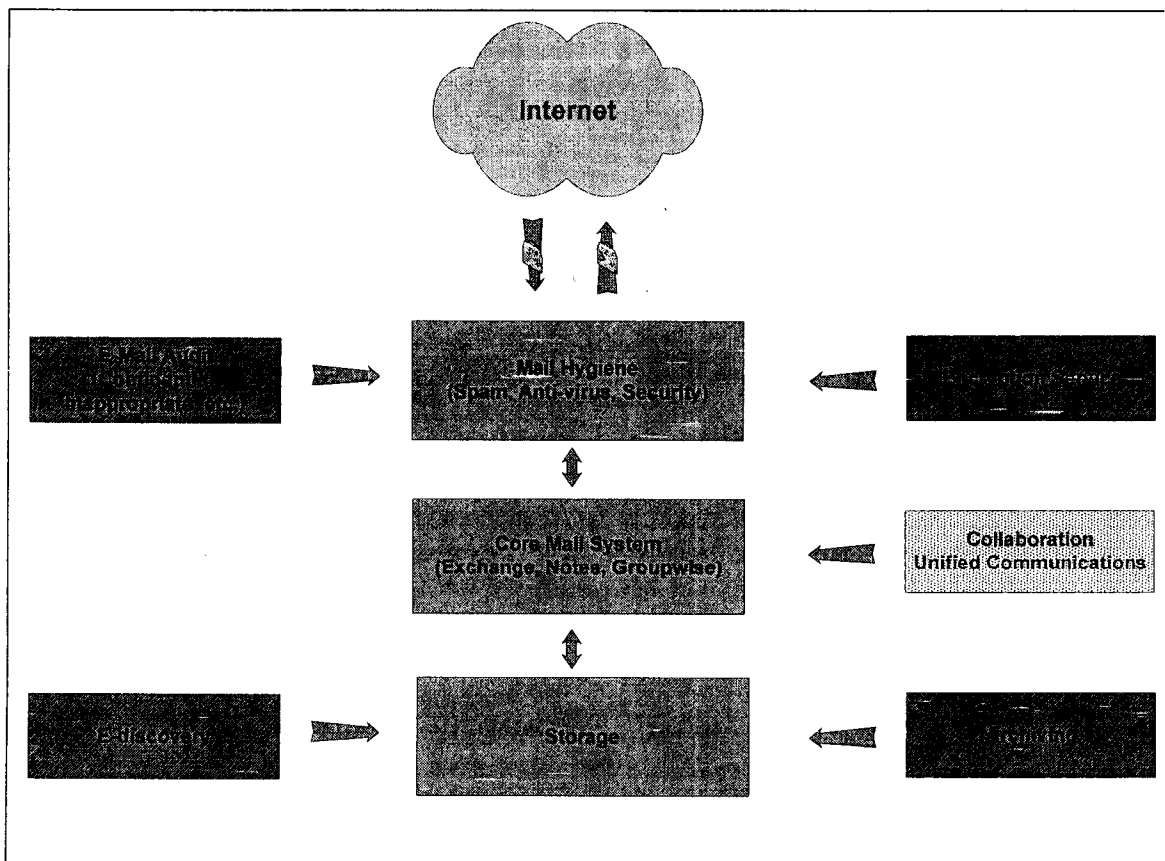


Figure 2 - Full Featured System Overview

E-Hub Business Plan

The consolidated gateways will be installed at two locations within the State. One location will serve as the primary hub site, while the second location will serve as backup location in the case of a failure of the primary. This overall topology is presented in Figure #3.

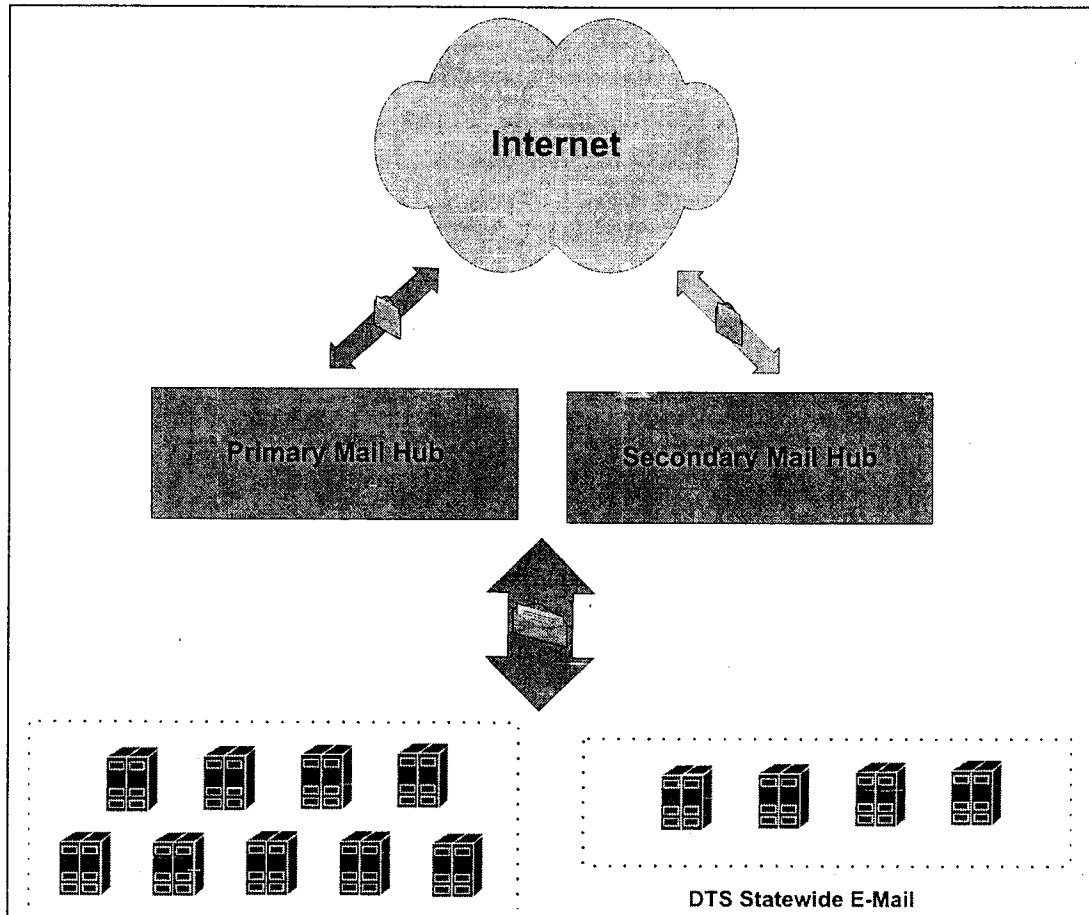


Figure 3 - Overall System Architecture

Technical Requirements

The proposed mail hygiene gateways should:

- Provide enough capacity to support 150,000 State email users.
- Provide for site redundancy and 99.9% availability at each location
- Be deployed on a network infrastructure that will support the system's availability and capacity requirements.
- Support LDAP integration with multiple LDAP sources to support inbound recipient verification.
- Support connections to approximately 300 MTAs.
- Use TLS encryption where possible between the consolidated gateways and departmental MTAs during conversion.
- Support the following functions
 - Anti-virus attachment scanning,
 - Tag and deliver, tag and delete, end user quarantine,
 - White-listing functionality,
 - Web based message tracking capability with ability to track messages across multiple gateways,
 - Per domain queuing (Inbound and outbound),
 - Centralized management through a web based GUI,
 - A high number of MTA-MTA connections (>3,000 per gateway),
 - The ability to accurately route email to 100's of internal email servers based upon sub-domain or LDAP information,
 - Reporting types:
 - Real time reporting statistics
 - Daily, weekly, monthly view of data with hourly averages and peak data.
 - View total volume of mail, spam and virus count from a single view by domain name
 - Create custom reports to be sent via email on a pre-defined schedule, and
 - Bounce Verification Tags – The proposed solution should be to stop 'Joe Jobs' and bounce storms at the gateway through bounce verification tags.

E-Hub Business Plan

Implementation Plan

Implementation of the encryption solution will take 6 months and will include the following high-level phases and steps:

Design Phase

- Assess individual agency/department SMTP gateway infrastructure
- Develop detailed design
- Develop migration plan
- Develop detailed implementation plan

Implementation Phase

- Build-out E-Hub Architecture
- Perform Initial Testing
- Migrate Statewide E-Mail to E-Hub
- Perform Pilot Agency migration
- Migrate remaining Users

Rate Calculation

Please see Rate Computation Worksheet.

E-mail Encryption Business Plan

Overview

Over the last 20 years, email has become the preferred channel of communication for state agencies and has evolved into a mission critical tool for government. Today, email is the core of communication and collaboration. As a result, the basic business requirements for email systems in terms of availability, security and remote and mobile access have become somewhat standardized. However, emerging requirements on the use of email systems such as disaster recovery, encryption of certain messages, litigation holds and archiving for document retention and new e-discovery laws, are requiring agencies to reexamine and redesign their existing email solutions.

Recent changes in constituent sentiment regarding protection of health care and personally identifiable information have resulted in both Federal and State legislation requiring its protection. Email that travels over the Internet to constituents and other agencies in the course of day-to-day business operations is unprotected. This use of un-protected communication leaves the State potentially open to administrative and legal actions due to the unintentional release of protected information.

Implementation of an encrypted email solution will allow the State to protect this confidential information. By providing an ability for agencies and departments to encrypt email, agencies will have an avenue to help protect confidential and sensitive information. Alternatively, without an ability to protect sensitive information transmitted via email, users of the Statewide Email system may find their business operations impacted and costs increased due to resorting to manual communication methods.

Business Drivers

The key business drivers for an email encryption solution are derived primarily from the need to protect private information. These drivers emanate from both legislative and administrative sources. Listed below are key business drivers and a discussion of each.

Email Encryption	
Title of Driver	Health Insurance Portability and Accountability Act Requires Secured Email
Business Driver Type	Legislative
Description	<p>The Health Insurance Portability and Accountability Act of 1996 (HIPAA, Title II) required the Department of Health and Human Services (HHS) to establish national standards for electronic health care transactions and national identifiers for providers, health plans, and employers. It also addressed the security and privacy of health data. After HIPAA passed, legislation appointed the Workgroup for Electronic Data Interchange (WEDI) to define the specific requirement for securing electronic data.</p> <p>The following is the specific requirements of the Security Rule regarding the</p>

E-mail Encryption Business Plan

	<p>use of encryption for email messaging.</p> <p>45 CFR 164.312 (e) (1) Standard: Transmission Security. Implement technical security measures to guard against unauthorized access to electronic protected health information that is being transmitted over an electronic communications network. (2) Implementation specifications: (ii) Encryption (Addressable). Implement a mechanism to encrypt electronic protected health information whenever deemed appropriate.</p> <p>The principal confidentiality controls for electronic mail are message encryption and recipient authentication. By definition, message encryption involves application of an algorithm and a small amount of secret information, a message key, to message contents.</p>
Source	Federal – Act finalized in 2003 imposing secure email for health data
Citation	Workgroup for Electronic Data Interchange. Industry Update – Secure White Paper. January 2004. Available at: http://www.hhic.org/hipaa/documents/S-418_Final-Email-WEDISNIPWhitepaper.pdf (last access 02/08/07).
Impact	High – Compliance Issue
Current Efforts	Organizations across the State are evaluating secure email solutions for future implementation. DTS is currently focusing efforts on designing a secure email solution to offer customers.
Why are current efforts insufficient?	Encryption and digital signatures are not offered by DTS today. It is unknown, if or how other organizations are employing security for health related data.
Other potential solutions	<p>Exchange 2003 can provide for secure email through a combination of features. Digital signatures address authentication and denial issues and message encryption addresses confidentiality issues. Because each addresses different issues, a message security strategy requires both at the same time. These two services are designed to be used in conjunction with one another, because each separately addresses one side of the sender-recipient relationship. Digital signatures address security issues related to senders, and encryption addresses security issues primarily related to recipients. When digital signatures and message encryption are used together HIPAA compliance can be met.</p> <p>Dozens of commercial-off-the-shelf (COTS) solutions exist that are designed for Exchange.</p>
Title of Driver	Classification of Information
Business Driver Type	Administrative
Description	Sensitive Information and Personal Information, as defined below, may occur in Public Information and/or Confidential Information. Files and databases containing sensitive and/or personal information require special precautions to prevent inappropriate disclosure. When sensitive or personal information is

E-mail Encryption Business Plan

	<p>contained in public records, care must be taken to protect it from inappropriate disclosure.</p> <p>While the need for the agency to protect data from inappropriate disclosure is important, so is the need for the agency to take necessary action to preserve the integrity of the data. Agencies must develop and implement procedures for access, handling, and maintenance of personal and sensitive information.</p> <p>Sensitive Information - information maintained by state agencies that requires special precautions to protect from unauthorized use, access, disclosure, modification, loss, or deletion. Sensitive information may be either public or confidential. It is information that requires a higher than normal assurance of accuracy and completeness. Thus the key factor for sensitive information is that of integrity. Typically, sensitive information includes records of agency financial transactions and regulatory actions.□</p> <p>Personal Information - information that identifies or describes an individual as defined in, but not limited by, the statutes listed below. This information must be protected from inappropriate access, use, or disclosure and must be made accessible to data subjects upon request.□</p> <p>Notice-triggering personal information - specific items or personal information (name plus Social Security Number, driver's license/California identification card number, or financial account number) that may trigger a requirement to notify individuals if it is acquired by an unauthorized person. See Civil Code Sections 1798.29 and 1798.3.□</p> <p>Protected Health Information - individually identifiable information created, received, or maintained by such organizations as health care payers, health care providers, health plans, and contractors to these entities, in electronic or physical form. State laws require special precautions to protect from unauthorized use, access or disclosure. See Confidentiality of Medical Information Act, Civil Code Section 56 et seq. and the Patients' Access to Health Records Act, Health and Safety Code Sections 123100-123149.5.□</p>
Source	State
Citation	State Administrative Manual - Chapter 5300 - http://sam.dgs.ca.gov/TOC/5300/5320.5.htm
Impact	High – Multiple compliance requirements at the Federal and State levels for protection of private information
Current Efforts	Organizations across the State are evaluating secure email solutions for future implementation. DTS is currently focusing efforts on designing a secure email solution to offer customers.
Why are current efforts	Encryption and digital signatures are not offered by DTS today. It is unknown, if or how other organizations are employing security for health

E-mail Encryption Business Plan

Insufficient?	related data.
Other potential solutions	<p>Exchange 2003 can provide for secure email through a combination of features. Digital signatures address authentication and denial issues and message encryption addresses confidentiality issues. Because each addresses different issues, a message security strategy requires both at the same time. These two services are designed to be used in conjunction with one another, because each separately addresses one side of the sender-recipient relationship. Digital signatures address security issues related to senders, and encryption addresses security issues primarily related to recipients. When digital signatures and message encryption are used together HIPAA compliance can be met.</p> <p>Dozens of commercial-off-the-shelf (COTS) solutions exist that are designed for Exchange.</p>

Business and Technical Requirements

Business and functional requirements for encryption are listed in the sections that follow.

Business Objectives and Requirements

The key business objectives and requirements of the system echo those of the Statewide Email system itself:

Provide a secure and reliable statewide email offering that:

- Enables agencies and departments to comply with legislative and administrative requirements when communicating via email, and
- Allows only the verified and authorized recipient of the e-mail to read it. Couriers and intermediaries may only see the delivery address, but not the contents of the email.

Reduce Cost and Complexity to:

- Reduce the number of state email systems.
- Increase the standardization of email application/version implementations supported by the State.
- Reduce the number of servers used to provide the state's email functionality.
- Reduce the staff resources required to support the state's email functionality.
- Reduce the number of independent efforts to develop new email features.

Increase Business Value to End User to:

- Increase email features and service levels available to state employees.
- Increase the number of mailboxes available in an enterprise directory.
- Increase the number of users that share calendaring functionality.

E-mail Encryption Business Plan

- Increase the availability of Service Desk for email to state employees.
- Increase availability of email services state employees.

Customer Requirements:

The lack of an encryption solution for the CA.mail service is a barrier to Customer Adoption. The following existing and potential CA.mail customers have indicated a requirement for email encryption:

<u>Organization</u>	<u>Number of mailboxes</u>
Child Support Services	500
Department of Justice	6,000
Employment Development Department	9,200
Department of Mental Health	5,000
Department of Public Health	4,500
Department of General Services	4,500
Department of Motor Vehicles	6,000

Technical Requirements

The encryption system should integrate as a standard SMTP compliant Mail Transfer Agent (MTA) into the DTS environment.

The encryption product should:

- Support subject line tagging.
- Support the transmission of secure messages that are created by automated, batch processes
- Support the encryption methods of: S/MIME and OpenPGP.
- Support multiple encryption algorithms including ARC4 and AES.
- Support re-branding by allowing the creation of multiple envelope templates.
- Provide extensive built-in reporting, including:
 - Account Usage Report
 - Message History Report
 - Retry History Report
 - Response Log Report
 - Audit History Report
 - Tracking Report
- Provide extensive logging and message search/tracking facilities.
- Not require additional client software in order to encrypt/decrypt messages.
- Support both push and pull encryption mechanisms.
- Support widely use web browsers including:
 - Microsoft® Internet Explorer 5.5 with Service Pack 1 or higher
 - Netscape Version 7 or higher
 - Firefox 1.0-1.5
 - Safari 2.0.x
- Have an administration interface that provides the ability to lock and expire encryption keys.
- Have an administration GUI that is accessible through HTTPS.
- Have a search facility that supports ad hoc queries.

E-mail Encryption Business Plan

- Support content filtering.
- Support regular expression matching.
- Support inbound and outbound routing to multiple relay hosts.
- Process and encrypt email based upon subject, message source and destination, other email headers, and email attachments.
- Provide monitoring and/or notification capabilities.
- Integrate with existing data contained within an LDAP directory store.
- Support the use of external database systems for storage of credentials.
- Provide extensive, configurable message tracking and logging capabilities
- Provide access control for a business group that can be delegated to the group representative(s) using an ACL-controlled account/group/user structure
- Provide message routing or policy that can be managed at the group level, with routing, encryption and delivery decisions made based on sending domain, sending user or user attributes located in directories or databases.
- Support non-US character sets.

Implementation Plan

Implementation of the encryption solution should take approximately 60 days and will include the following high level phases:

- Evaluation – Formal evaluation of the selected product and integration testing
- Pilot – Pilot project involving an SWE email user.
- Procurement – Acquisition of the hardware and software for the solution.
- Production Implementation – Implementation of the proposed system.

Specific technical implementation details are listed below:

Phase/Activity	Deliverable
<i>Preparation Phase</i>	
1. Review High Level design	
2. Prepare license and branding files	
3. Coordinate logistics	
4. Conduct Project Kick-off meeting	
<i>Core Installation Phase</i>	
1. Develop low level design	Low Level Design Document
2. Create Database	
3. Core software installation	
4. Test Core software installation	
5. Install SSL	Core System Installed
<i>Custom Installation Phase</i>	
1. Define policy matchers	
2. Configure applications	
3. Define custom lookups	
4. Perform basic testing	
5. Configure other processing rules	
6. Perform processing test	Customer Policies Installed
<i>Configure Branding Phase</i>	
1. Configure enrollment notification	
2. Configure secure envelope Greeting	
3. Configure envelope user interface	
4. Configure message bar	
5. Configure enrollment page	
6. Configure secure reply	
7. Configure other pages as needed	DTS Custom Branding installed
<i>Test Planning and Execution Phase</i>	
1. Create test plan	System Test Plan

E-mail Encryption Business Plan

2. Execute test plan	
3. Adjust configuration and branding	Installed System ready for Pilot Phase
<i>Pilot Phase</i>	
1. Pilot customer training	
2. Pilot customer test	
<i>Production Phase</i>	
1. Configure branding for each production customer (if needed)	
2. Notify and train customers	
<i>Training and Turnover Phase</i>	
1. Finalize project documentation	Finalized Project Documents
2. Deliver training to DTS staff on installed system	
3. Backup existing configurations	
4. Conduct Project closeout meeting	

Rate Calculation

This service will be at actual cost of standing up the service. Costs have not been determined and will be determined on a case by case basis.